

GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF INSURANCE, SECURITIES & BANKING



BULLETIN
05-IB-001-02/24

TO: ALL INSURANCE COMPANIES

FROM: COMMISSIONER LAWRENCE MIREL

RE: PROHIBITION ON THE USE OF ANNUAL PERCENTAGE RATES
("APRs") IN CONNECTION WITH A POLICY PREMIUM

DATE: FEBRUARY 24, 2005

This bulletin is intended to clarify the Department of Insurance, Securities and Banking's ("the Department") position regarding the inclusion or disclosure of annual percentage rates ("APR") in connection with the filing of a policy form. Pursuant to D.C. Official Code §§ 31-2502.27 and 4708, the District of Columbia is a "Prior Approval" state as to policy forms. In complying with the provisions, the insurer is responsible for assuring that the forms submitted for use are in compliance with the District of Columbia insurance laws.

More specifically, pursuant to D.C. Official Code §§ 31-2231.03(6), 31-2502.03(a)(11), and 31-4305(a)(11), among others, the Department considers the inclusion or disclosure of an APR in connection with a policy premium, including any modal or fractional premium, to be a misleading practice and not in the public interest because it creates the appearance of a loan where there is none. Those provisions expressly prohibit insurers from making, issuing, circulating, or causing to be issued or circulated any estimate, illustration, circular or statement, sales presentation, omission, or comparison that is misleading or misrepresents the status or the terms of any policy issued or to be issued by it, or the benefits or advantages promised thereby, including an intentional erroneous quotation of a premium rate for the purpose of inducing, or tending to induce, the purchase, lapse, forfeiture, exchange, conversion, or surrender of a policy. As such, any policy form submitted to the Department for use that includes or discloses an APR in connection with a policy premium will be disapproved.

Should you have any questions, please contact Jamai Fontaine, Supervisory Insurance Examiner, at (202) 442-7782, or via e-mail at jamai.fontaine@dc.gov.